

Notice to Suppliers



Civil Aerospace Operations Announcement

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Job Title: Chief Procurement Officer, Civil Operations
Business Unit: Civil Aerospace

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For the attention of the Managing Director

Scope/Applicability:

All suppliers within Rolls-Royce Civil Aerospace Operations.

Dear Supply Partner,

On 20 May 2020 we announced a major restructuring, predominantly of our Civil Aerospace business, to achieve total annual pre-tax cash savings of at least £1.3bn by the end of 2022. As part of the restructuring we are reviewing our global footprint. Earlier this week we updated our people on further proposals from this extensive review.

First, we are proposing to transfer our facility, including employees, design and supply chain management for fabrications, into ITP Aero. Hucknall, which manufactures a range of aero-engine parts, will bring ITP Aero new capabilities and become a critical part of the enlarged business, helping to secure the future of the site. As part of ITP Aero, the Hucknall site will, in future, have the potential to unlock new growth and investment opportunities.

Second, we are proposing to consolidate the manufacture of those aero-engine structures, currently produced in our existing structures facility in Barnoldswick, UK into ITP Aero. Due to the significant reduction in global demand for our products and services from commercial aviation customers, which is forecast to last several years, we must reduce our manufacturing capacity and cost base in order to protect our remaining workforce. ITP Aero, currently undergoing its own restructuring, offers a more cost competitive option than our facility in Barnoldswick. We are commencing consultation on a proposal to close the structures facility on the site. While this will be hugely upsetting news for our colleagues in Barnoldswick, this does not mean we are closing our Barnoldswick site. Following our proposal in August to relocate part of our fan blade manufacturing, Barnoldswick will be the home of a product development and technical support centre for wide chord fan blades and continue to manufacture blades for a range of Defence and Civil Aerospace applications.

As announced alongside our half year results in August, we have identified a number of potential disposals that are expected to generate proceeds of more than £2bn in order to strengthen our balance sheet, and these include ITP Aero. Preparation work is under way and we will provide an update as appropriate. Any potential disposal is, of course, dependent on market conditions. Notwithstanding the outcome, ITP Aero is a key partner for Rolls-Royce, and we will retain a long-term relationship with the business – including the operations we are today proposing to place within it – across our Civil Aerospace and Defence programmes.

Third, we have informed our colleagues in Inchinnan, Scotland, that our objective is to continue the manufacture of aero-engine turbine blades and compressors aerofoils in our facility there. We have signalled our intention to discuss with the Trade Union options to make the site more competitive, reduce operating costs and define the medium-term direction for the site. Due to the continued reduction in demand for aero-engine shafts, however, we unfortunately no longer have the workload to maintain production in multiple locations and are today proposing to consolidate their manufacture, some of which was previously carried out in Inchinnan, into our other site in Derby, UK.

Finally, we have also informed our colleagues in Ansty, UK, that our objective is to continue the manufacture of aero-engine fan cases in our facility there. We have signalled our intention to discuss with the Trade Union options to make Ansty more competitive, reduce operating costs and define the medium-term direction for the site.

We recognise that suppliers who work closely with these facilities, will have a number of questions in relation to these announcements. Our Supplier Management and Strategic Procurement teams will arrange time to discuss these proposals with you in more detail and we will share regular updates with you as we begin the consultation process on these changes with our workforce and the trade union.

In the meantime, please do not hesitate to get in touch with me or members of my Strategic Procurement leadership team if you have any immediate questions.

NTS Category:

General Information / Communication

Authorised by:

Warrick Matthews
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